

15 May 1951

Memorandum for: Deputy Director (Administration)

From: Legislative Counsel

Subject: Retired Officers

1. The full House Armed Services Committee today approved the CIA bill for the employment of fifteen retired officers. However, in doing so, they knocked out the proviso which would permit retired officers employed by CIA to take advantage of the tax exemption features of their retired pay.

2. The officers primarily affected by the tax exemption proviso are those who are retired for disability, and who therefore can be employed by any Government agency under present law. It is the Committee's position that there is no reason to place officers employed by CIA in a different position than those employed by other agencies of the Government in this category, and in the absence of a Government-wide bill this proviso would be unwarranted for CIA. Their contention is that the main purpose of the bill is to allow CIA to employ fifteen officers whose employment is presently prohibited by law, and this they approve.

3. It is recommended that CIA approve the House version without attempting to restore the proviso. When the bill is passed by the House, we should then notify the Chairman of the Senate Committee that the amendment is satisfactory to us and request the Senate to accept it. If we do not do so, the House will probably sit on the bill in conference and we will lose its main purpose which is the employment of the fifteen officers.

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Walter L. Pforzheimer